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E.O. 12958: DECL: 01/16/2019
TAGS: [PREL](#) [PGOV](#) [ETRD](#) [UP](#) [RS](#)
SUBJECT: GAS CRISIS: WHO'S IN CHARGE?

Classified By: DCM James Pettit. Reasons: 1.4 (b/d).

Summary

11. (C) Given the lack of clarity regarding executive authority (and the personal animus) which characterizes the relationship between President Yushchenko and PM Tymoshenko, they have, on occasion, exhibited rare comity during the gas crisis, including signing off on two joint letters reflecting a shared GOU position. There have been important moments of divergence, however. The most notable involves what happened, or may have happened, during negotiations with the Russians December 31, which some claim could have resulted in a last minute deal. End Summary.

Yushchenko Pulls Back

12. (C) Yulia Mostova, the very well plugged in Deputy Editor in Chief of the newsweekly Dzerkalo Tizhnya, told the Ambassador that Tymoshenko told her that, because of Tymoshenko's good working relations with Putin, she had been able to get agreement December 31 with terms for purchase of gas of \$235 per tcm and \$1.76 for transit. (Separately, PM Advisor Vitaly Haidyuk told the Ambassador that anything worse than \$235 tcm and \$2.10 for transit made no sense for Ukraine.) The deal excluded the intermediary, RosUkrEnergo (RUE). Tymoshenko ordered Naftogaz head Dubyna, in Moscow, to prepare the necessary documents. However, Tymoshenko was then unable to reach Dubyna for the next six hours. During that time, Dubyna apparently received word from Yushchenko to back away from the deal. Yushchenko was, Tymoshenko said, seeking to prevent the exclusion of RosUkrEnergo or wanted to deprive Tymoshenko of a political victory. In a different version, Dubyna told Mostova that Putin had backed away when he heard December 31 that Tymoshenko was going to fly to Moscow to seal the deal. As a result of these conflicting versions Mostova said it was not clear what happened.

RUE Interests

13. (SBU) Tymoshenko publicly blamed oligarch and RUE head Firtash, Party of Regions leaders linked to Firtash, and Yushchenko for scuttling the December 31 negotiations. Yushchenko has categorically and publicly denied any such

involvement. Firtash and Regions leaders linked to him, joined by Deputy Chief of the Presidential Secretariat Bezsmertniy, countered that Tymoshenko -- backed by Kuchma's former Chief of Staff (and presumed intermediary to the Kremlin) Medvedchuk -- instead seeks to insert an intermediary linked to her into the gas trade to replace RosUkrEnergo.

Uneasy Division of Labor

14. (C) In a meeting with the Ambassador January 15, Bezsmertniy -- a relentless critic of Tymoshenko -- acknowledged that coordination between the President and PM in approaching Russia on the gas crisis, such as negotiating the two joint letters, had indeed been difficult. Regarding who is in charge, Bezsmertniy said that the PM had primary action on the gas crisis but that the President intervened as necessary because of his mandate to protect national security. Bezsmertniy observed that perhaps Yushchenko had "made a mistake" by not assuming the lead on gas negotiations. Ambassador emphasized the importance of a unified Ukrainian position. Bezsmertniy agreed that was a worthy goal, but hard to achieve.

15. (C) Mostova observed to the Ambassador that it was unclear who had the lead in negotiations. When it is convenient for Yushchenko, he takes responsibility. When there is a serious problem, he says Tymoshenko should handle it, and then criticizes her.

Comment

16. (C) Tymoshenko's version of the December 31 events, as relayed by Mostova, is widely repeated among Rada members and the political elite. However, since the crisis escalated with Russia's cut-off of gas, coordination between the PM and President appears, despite continued mutual recriminations, to have improved. That said, the ambiguity regarding who is in charge remains. Yushchenko asserts veto power on the gas negotiations, while Tymoshenko is operationally the lead. Embassy will continue to reinforce the importance of a unified GOU position to resolution of the crisis.
TAYLOR